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BY EMAIL

June 19, 2019

Mr. Joel Denomy
Technical Manager, Regulatory Affairs
Enbridge Gas Inc.
500 Consumers Road
Willowdale, ON M2J 1P8
Joel.Denomy@enbridge.com

Dear Mr. Denomy

**Re: Enbridge Gas Inc.
Scugog Island Pipeline Project
Ontario Energy Board File Number: EB-2017-0261**

The Ontario Energy Board (OEB) is in receipt of your letter dated June 12, 2019, which responds to the OEB's request for more information regarding the changes to the financing of the Scugog Island Pipeline Project (Project) described in your letter dated May 27, 2019. The OEB asked Enbridge Gas to confirm that there have been no changes to the volumetric forecast or term of the System Expansion Surcharge (SES) for the Project. The OEB also asked Enbridge to provide a more detailed explanation as to why the profitability index (PI) for the Project remained above 1.0 despite the loss of the municipal and First Nation Incremental Tax Equivalentents (ITE).

In your letter, you confirm that there have been no changes to the volumetric forecast or term of the System Expansion Surcharge ("SES") for the Project.

You also note that the funding made available to the Project under Bill 32 is approximately \$96,000 greater than the amount of funding that was to be provided under the former Natural Gas Grant Program (NGGP), and that this amount almost completely offsets the present value of the ITE amount of \$112,000. Enbridge Gas says this offset explains why the PI for the Project did not drop below 1.0. Enbridge also notes that the total cost of the Scugog Project is in excess of \$16.0 million, and that an

ITE amount of \$112,000 would have very little impact in terms of economic feasibility on a project of this scope.

Finally, you note that the Access to Natural Gas Act Bill 32/Ontario Regulation 24/19 Expansion of Natural gas Distribution Systems (Bill 32) does not require a municipal or First Nation community to make a contribution toward the cost of a project as a condition of funding.

As the Manager, Applications Supply and Infrastructure, I have been delegated the authority of the OEB under section 6 of the Ontario Energy Board Act, 1998 to determine whether this change will result in material changes to the leave to construct granted by the OEB in the EB-2017-0261 proceeding. I have been further granted the authority to approve any changes that I have concluded are not material.

Based on my review of the information provided in your letters dated May 27, 2019, and June 12, 2019, I find that the described changes do not materially impact the leave granted by the OEB. I hereby approve the change. Enbridge Gas is reminded that the final costs of the Project may be subject to review in the proceeding where the actual capital costs of the Project are proposed to be included in rate base or any proceeding where Enbridge proposes to start collecting revenues associated with the Project, whichever is earlier.

Yours truly,

Original Signed by

Nancy Marconi
Manager, Applications Supply and Infrastructure

c: Mr. Guri Pannu, Guri.Pannu@enbridge.com